



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

December 21, 2007

CERTIFIED RETURN RECEIPT
7002 0510 0003 8603 3943

Richard Schreiber
Tintic Utah Metals, LLC
Chief Gold Mines Inc.
1629 Locust Street
Philadelphia, Pennsylvania 19103-6304

Subject: Review of Response to Stipulation Requirements; Tintic Utah Metals, LLC, Apex/Burgin Project, M049/009; Chief Gold Mines Inc., Trixie Shaft, M/049/024, Task #1758, Utah County, Utah

Dear Mr. Schreiber:

The Division has completed a review of the materials submitted to fulfill the Stipulation Agreement (as amended) of August 9, 2005. We have determined that your July 18, 2007 submittal satisfies Item #1 of the Modification of Stipulation to Continue and for Dismissal. The Division appreciates your efforts in providing this comprehensive plan. Now that the plan has been adequately developed, we have been able to calculate an appropriate bond estimate for reclamation of the sites. Please see the attached estimate.

Based on your statement in your July 18, 2007 letter, to combine the Apex/Burgin and the Trixie permits (M/049/009 and M/049/024), the attached final reclamation cost estimate (of \$471,200) was prepared assuming that this would take place. With the proposed merger of these permits, the Division has determined that there is currently sufficient reclamation surety with the current amount posted for each permit (\$430,400 for the Apex/Burgin and \$57,900 for the Trixie, for a combined total \$488,300). Without the merger, the surety for the Trixie would need to be increased by \$5,400, for a total of \$63,300 (this difference is due to shared mobilization/demobilization costs, that if separate permits, could not be shared).

To finalize the proposed merger, the Division needs to know which corporate entity the permit will be with. The reclamation surety and contract documents will need to be amended to reflect this change. A check with the Utah Department of Commerce has revealed that Chief Consolidated Mining Company, Chief Gold Mines Inc. and Tintic Utah Metals, LLC are all entities that have expired and no longer are registered to do business in the State of Utah. This will need to be corrected with the Department of Commerce. You will then need to contact Jed Pearson at (801) 538-5382 or email at



Richard Schreiber
Page 2 of 2
M/049/009
December 21, 2007

jedpearson@utah.gov to obtain the necessary forms to amend the surety and reclamation contract documents.

Item #3 of the Modification of Stipulation to Continue and for Dismissal requires you to now provide the revised surety amount **within 30 days**. Essentially this requires either the additional \$5400 for the Trixie mine reclamation or the documentation for the merger and the revised reclamation surety and contract documents that will reflect the merger.

At this time, we also ask that you provide two clean copies of the revised plan. Once the reclamation surety and reclamation contract documents are amended and approved, the Division will stamp the plan approved and return one copy for your records. We will then evaluate the terms of the Modification of Stipulation to continue and for Dismissal and determine what if any other course of action needs to be taken in order to have the Board of Oil Gas and Mining dismiss the matter.

We appreciate your help in resolving this situation. Please call me at (801) 538-5325 or Lynn Kunzler at (801) 538-5310 if you have questions.

Sincerely,



Daron R. Haddock
Permit Supervisor

DRH:pb

Attachments: reclamation cost estimate

cc: Tom Gast w/ attachment
Mary Ann Wright, DOGM w/o attachments
Steve Alder, AAG w/o attachment
Susan White, DOGM w/o attachment
Jed Pearson, w/o attachment

P:\GROUPS\MINERALS\WP\M049-Utah\M0490009-ApexBurgin\final\Review-12182007.doc

RECLAMATION SURETY ESTIMATE

last revision -

12/17/2007

Mine Operator Tintic Utah Metals, LLC
Mine Name Apex/Burgen Mine
DOGM file Number M/049/009
Prepared by Utah State Division of Oil, Gas & Mining

Reclamation Details: Summary Page

| | |
|--------------------|--------|
| Apex #2 Area | Page 2 |
| Burgen #1 Area | Page 3 |
| Burgen #2 Area | Page 4 |
| Dry Stack Facility | Page 5 |
| Zuma Clay Pit | Page 6 |
| Trixie Area | Page 7 |

-Estimated total disturbed area for this mine = 90.4 Acres

| | |
|----------------------|-------------|
| Apex #2 Area | 5.3 |
| Burgen #1 Area | 17.8 |
| Burgen #2 Area | 22.7 |
| Dry Stack Facility | 26.5 |
| Zuma Clay Pit | 8 |
| Trixie Area | 10.1 |
| Total Acres = | 90.4 |

-Estimated reclamation cost for each area *

| | |
|--------------------------|---------------------|
| x Apex #2 Mine Area | \$27,700.00 |
| x Burgen #1 Complex Area | \$51,071.00 |
| x Burgen #2 Complex Area | \$154,845.00 |
| x Dry Stack Facility | \$42,199.00 |
| Zuma Clay Pit | \$10,209.00 |
| x Trixie Area | \$36,670.00 |
| Subtotal | \$322,694.00 |

*does not include mob/demob, supervision or contingency

Mobilization, supervision, contingency and escalation costs combined for all areas

| | | | |
|--|-----------------|------|---------------------|
| Equipment mobilization | 5 equip | 2000 | \$10,000.00 |
| | Subtotal | | \$332,694.00 |
| Supervision -10% of estimate | | | \$33,269.40 |
| | Subtotal | | \$365,963.40 |
| 10% Contingency | | | \$36,596.34 |
| | Subtotal | | \$402,559.74 |
| Escalate for 5 years at 3.20% per year | | | \$68,665.80 |
| | Total | | \$471,225.54 |

Rounded surety amount in year 2012 dollars

\$471,200.00

Average cost per disturbed acre = \$5,212

RECLAMATION SURETY ESTIMATE

last revision 12/17/2007

Page 2

Mine Operator: Tintic Utah Metals, LLC
 Mine Name (Area): Apex #2
 DOGM File Number: M/049/009

Reclamation Details: APEX #2

Facilities - Headframe, Hoist Building, Emergency Hoist Building, Dry Building and Office, Substation.
 Shaft Closure,
 No topsoil - amend with 10t/ac biosolids
 85T/ac lime to neutralize dumps, disked into top 6 inches.
 All facilities removed, spur roads reclaimed.
 Dump regraded to 3h:1v slope

-Estimated total disturbed area for this mine = 5.3 acres

Note: actual unit costs may vary according to site conditions

last unit cost update

10/25/06

| Activity | Quantity | Units | \$/unit | \$ | Note |
|--|----------|----------|---------|----------|------|
| Safety gates, signs, etc (mtls & installation) | 1 | sum | 500 | 500 | (1a) |
| Demolition of buildings & facilities | 50800 | cf | 0.26 | 13208 | (2) |
| Demolition of headframe | 465 | lf | 6.14 | 2855 | (3) |
| Ripping access roads- D8R dozer | 0.25 | acre | 288.00 | 72 | (7) |
| Regrading access roads - D8R dozer | 0.25 | acre | 697.18 | 174 | (9) |
| Regrading waste dump slopes - D8R dozer | 2000 | CY | 0.66 | 1320 | (8) |
| Ripping waste dump tops | 2 | acre | 288.00 | 576 | |
| Dump Neutralizing (85T/ac ag lime) | 3 | acre | 850.00 | 2550 | (1c) |
| Disking Lime into top 6 inches | 3 | acre | 30.00 | 90 | (1d) |
| Sampling/testing | 1 | lump sum | 1000.00 | 1000 | (1b) |
| Topsoil replacement - D8R dozer | 263 | CY | 0.66 | 174 | (8) |
| Ripping/Seedbed Prep - D8R dozer COST PER HOUR | 5.3 | acre | 272.50 | 1444 | (9h) |
| Composted manure (10 ton/acre) | 5.3 | acre | 350.00 | 1855 | (1f) |
| Broadcast seeding | 5.3 | acre | 280.00 | 1484 | (1g) |
| General site cleanup & trash removal | 5.3 | acre | 75.00 | 398 | (1h) |
| Subtotal of Reclamation Costs | | | | \$27,700 | |
| Equipment mobilization | 2 | equip | 2000 | 4000 | (1i) |
| | | Subtotal | | 31700 | |
| Reclamation supervision -10% of reclamation estimate | | | | 3170 | |
| | | Subtotal | | 34870 | |
| 10% Contingency | | | | 3487 | |
| | | Subtotal | | 38357 | |
| Escalate for 5 years at 3.20% per year | | | | 6543 | |
| | | Total | | 44899 | |

RECLAMATION SURETY ESTIMATE

last revision

12/17/2007

Page 3

Mine Operator: Tintic Utah Metals, LLC
 Mine Name (Area): Burgin #1
 DOGM File Number: M/049/009

Reclamation Details: Burgin #1

Facilities - Headframe, Hoist Building, Machine Shop, Wood Shop, Electrical Shop, Sand House, Dry Building,
 Substation, Fresh Water Storage Pond.

1 shaft closed

No Topsoil Available - amend soil materials with biosolids 10t/ac.

Dump regraded to 3h:1v slope

Warehouse to remain for post mining use

-Estimated total disturbed area for this mine = 17.8 acres

Note: actual unit costs may vary according to site conditions

last unit cost update

10/25/06

| Activity | Quantity | Units | \$/unit | \$ | Note |
|--|----------|----------|---------|----------|------|
| Safety gates, signs, etc (mtls & installation) | 1 | sum | 500 | 500 | (1) |
| Demolition of buildings & facilities | 54776 | cf | 0.26 | 14242 | (2) |
| Demolition of headframe | 465 | lf | 6.14 | 2855 | (3) |
| Regrading waste dump slopes - D8R dozer | 19000 | CY | 0.66 | 12540 | (8) |
| Ripping stockpile & compacted areas - D8R dozer | 10.8 | acre | 288.00 | 3110 | (9) |
| Soil Sampling/Testing | 1 | Lump Sum | 1000.00 | 1000 | (1b) |
| Ripping/Seedbed Prep - D8R dozer COST PER HOUR | 18 | hour | 272.50 | 4905 | (9h) |
| Composted manure (10 ton/acre) | 16.8 | acre | 350.00 | 5880 | (1e) |
| Broadcast seeding | 16.8 | acre | 280.00 | 4704 | (1f) |
| General site cleanup & trash removal | 17.8 | acre | 75.00 | 1335 | (1g) |
| Subtotal of Reclamation Costs (for summary sheet) | | | | \$51,071 | |
| Equipment mobilization | 4 | equip | 2000 | 8000 | (1h) |
| | | Subtotal | | 59071 | |
| Reclamation supervision -10% of reclamation estimate | | | | 5907 | |
| | | Subtotal | | 64978 | |
| 10% Contingency | | | | 6498 | |
| | | Subtotal | | 71476 | |
| Escalate for 5 years at 3.20% per year | | | | 12192 | |
| | | Total | | 83668 | |
| Rounded surety amount in year 2012 \$ | | | | \$83,700 | |
| Average cost per disturbed acre = | | | | \$4,700 | |

RECLAMATION SURETY ESTIMATE

last revision 12/17/2007

Page 4

Mine Operator: Tintic Utah Metals, LLC
 Mine Name (Area): Burgin #2
 DOGM File Number: M/049/009

Reclamation Details: Burgin #2

Facilities - Headframe, Hoist Building, Engineering & Admin. Offices, Mechanical Shop, Crushing Plant, 2 Ore Storage Bins, Concentrator (mill), Thickeners, Assay Building, Small Storage Building, Substation
 1 shaft closed
 Dump regraded to 3h:1v slope
 No Topsoil Available - amend soil materials with biosolids 10t/ac.
 Office, Lab and Shop to remain for post mining use.

-Estimated total disturbed area for this mine = 22.7 acres

Note: actual unit costs may vary according to site conditions

last unit cost update 10/25/06

| Activity | Quantity | Units | \$/unit | \$ | Note |
|--|----------|----------|----------|------------------|------|
| Safety gates, signs, etc (mtls & installation) | 1 | sum | 500 | 500 | (1a) |
| Demolition of buildings & facilities | 335460 | cf | 0.26 | 87220 | (2) |
| Demolition of headframe | 700 | lf | 6.14 | 4298 | (3) |
| Demolition of ore bins and thickeners | 32304 | cf | 0.27 | 8722 | (4) |
| Regrading waste dump slopes - D8R dozer | 43000 | CY | 0.66 | 28380 | (8) |
| Ripping stockpile & compacted areas - D8R dozer | 11 | acre | 288.00 | 3168 | (9) |
| Soil Sampling/Testing | 1 | Lump Sum | 1000.00 | 1000 | (1b) |
| Ripping/Seedbed Prep - D8R dozer COST PER HOUR | 22 | hour | 272.50 | 5995 | (9h) |
| Composted manure (10 ton/acre) | 22 | acre | 350.00 | 7700 | (1f) |
| Broadcast seeding | 22 | acre | 280.00 | 6160 | (1g) |
| General site cleanup & trash removal | 22.7 | acre | 75.00 | 1703 | (1h) |
| Subtotal of Reclamation Costs (for summary sheet) | | | | \$154,845 | |
| Equipment mobilization | 4 | equip | 2000 | 8000 | (1i) |
| | | Subtotal | | 162845 | |
| Reclamation supervision -10% of reclamation estimate | | | | 16285 | |
| | | Subtotal | | 179130 | |
| 10% Contingency | | | | 17913 | |
| | | Subtotal | | 197043 | |
| Escalate for 5 years at 3.20% per year | | | | 33610 | |
| | | Total | | 230653 | |
| Rounded surety amount in year 2012 dollars | | | | \$230,700 | |
| Average cost per disturbed acre = | | | \$10,163 | | |

RECLAMATION SURETY ESTIMATE

last revision 12/17/2007

Page 5

Mine Operator: Tintic Utah Metals, LLC
 Mine Name (Area): Dry Stack Tailings Facility
 DOGM File Number: M/049/009

Reclamation Details: Dry Stack Tailings Facility

Facilities: None

Topsoil replacement depth - 1 foot

Dump regraded to 4h:1v slope

Vegetated sediment pond to remain post mining

No more than 10 acres disturbed at any one time (incl. 1 acre of topsoil stockpile & 0.5ac access road)

-Estimated total disturbed area for this mine = 26.5 acres

Note: actual unit costs may vary according to site conditions

last unit cost update

10/25/06

| Activity | Quantity | Units | \$/unit | \$ | Note |
|--|----------|----------|---------|-----------------|------|
| Regrading tailings - D8R dozer | 7 | acre | 697.18 | 4880 | (7) |
| Tailings - Final Regrading - D8R dozer | 7 | acre | 288.00 | 2016 | (7h) |
| Ripping access roads- D8R dozer | 0.5 | acre | 288.00 | 144 | (7h) |
| Regrading access roads - D8R dozer | 0.5 | acre | 697.18 | 349 | (7) |
| Sampling/testing | 1 | lump sum | 500.00 | 500 | (1b) |
| Topsoil replacement - scraper (8.5 ac) | 13700 | CY | 1.40 | 19180 | 8 |
| Ripping topsoiled areas prior to seeding | 10 | acre | 288.00 | 2880 | (9h) |
| Fertilizing (100 lb/acre diammonium phosphate) | 10 | acre | 100.00 | 1000 | (1e) |
| Composted manure (10 ton/acre) | 22 | acre | 350.00 | 7700 | (1f) |
| Broadcast seeding | 10 | acre | 280.00 | 2800 | (1g) |
| General site cleanup & trash removal | 10 | acre | 75.00 | 750 | (1h) |
| Subtotal of Reclamation Costs (for summary sheet) | | | | \$42,199 | |
| Equipment mobilization | 2 | equip | 2000 | 4000 | (1i) |
| | | Subtotal | | 46199 | |
| Reclamation supervision -10% of reclamation estimate | | | | 4620 | |
| | | Subtotal | | 50819 | |
| 10% Contingency | | | | 5082 | |
| | | Subtotal | | 55901 | |
| Escalate for 5 years at 3.20% per year | | | | 9535 | |
| | | Total | | 65436 | |
| Rounded surety amount in year 2012 dollars | | | | \$65,400 | |

Average cost per disturbed acre = \$2,468

RECLAMATION SURETY ESTIMATE

last revision

12/17/2007

Page 6

Mine Operator: Tintic Utah Metals, LLC
 Mine Name (Area): Zuma Clay Pit
 DOGM File Number: M/049/009

Reclamation Details: Zuma Clay Pit

Facilities - None

1.2 acre access road reclaimed

Expansion into pre-law disturbances with no topsoil available

Dump regraded to 3h:1v slope

North highwall benched

South highwall granted variance for reclamation

-Estimated total disturbed area for this mine = 8 acres

Note: actual unit costs may vary according to site conditions

last unit cost update

10/25/06

| Activity | Quantity | Units | \$/unit | \$ | Note |
|--|----------|----------|---------|-----------------|------|
| Regrading benches - D8R dozer | 1 | acre | 557.00 | 557 | (9) |
| Ripping waste dump tops - D8R dozer | 2 | acre | 288.00 | 576 | (9) |
| Ripping stockpile & compacted areas - D8R dozer | 5 | acre | 288.00 | 1440 | (9) |
| Regrading/Ripping access roads - D8R dozer | 1.2 | acre | 288.00 | 346 | (7h) |
| Surface drainage restoration or construction | 230 | LF | 5.00 | 1150 | (1) |
| Soil Sampling/Testing | 1 | Lump Sum | 500.00 | 500 | (1b) |
| Composted manure (10 ton/acre) | 8 | acre | 350.00 | 2800 | (1f) |
| Broadcast seeding | 8 | acre | 280.00 | 2240 | (1g) |
| General site cleanup & trash removal | 8 | acre | 75.00 | 600 | (1h) |
| Subtotal of Reclamation Costs (for summary sheet) | | | | \$10,209 | |
| Equipment mobilization | 2 | equip | 1000 | 2000 | (1i) |
| | | Subtotal | | 12209 | |
| Reclamation supervision -10% of reclamation estimate | | | | 1221 | |
| | | Subtotal | | 13429 | |
| 10% Contingency | | | | 1343 | |
| | | Subtotal | | 14772 | |
| Escalate for 5 years at 3.20% per year | | | | 2520 | |
| | | Total | | 17292 | |
| Rounded surety amount in year 2012 dollars | | | | \$17,300 | |

Average cost per disturbed acre = \$2,162

RECLAMATION SURETY ESTIMATE

last revision 12/17/2007

Mine Operator Tintic Utah Metals, LLC
 Mine Name Trixie Mine
 DOGM file Number M/049/024
 Prepared by Utah State Division of Oil, Gas & Mining

Reclamation Details:

2 headframes, 2 hoist buildings, Office, Compressor Building, Dry Building, Water tank, Fan
 No topsoil - amend with 10T/ac biosolids
 85T/ac lime to neutralize dumps, disked into top 6 inches.
 All facilities removed, spur roads reclaimed.
 Dump regraded to 3h:1v slope

-Estimated total disturbed area for this mine = 10.1 acres

Note: actual unit costs may vary according to site conditions

last unit cost update 10/25/06

| Activity | Quantity | Units | \$/unit | \$ | Note |
|--|----------|----------|---------|-----------------|------|
| Demolition of buildings & facilities | 59966 | cf | 0.26 | 15591 | (2) |
| Demolition of main headframe | 465 | lin.ft | 6.14 | 2855 | (3) |
| Demolition of borehole headframe | 200 | lin.ft | 6.14 | 1228 | (3) |
| Regrading waste dump slopes - D8R dozer | 2000 | CY | 0.66 | 1320 | (8) |
| Ripping waste dump tops - D8R dozer | 10.1 | acre | 288.00 | 2909 | (9) |
| Ripping access roads- D8R dozer | 0.25 | acre | 288.00 | 72 | (9) |
| Regrading access roads - D8R dozer | 0.25 | acre | 697.18 | 174 | (7) |
| Sampling | 1 | lump sum | 1000.00 | 1000 | (1b) |
| Dump Neutralizing (85T/ac ag lime) | 5 | acre | 850.00 | 4250 | (1c) |
| Disking Lime into top 6 inches | 5 | acre | 30.00 | 150 | (1d) |
| Composted manure (10 ton/acre) | 10.1 | acre | 350.00 | 3535 | (1f) |
| Broadcast seeding | 10.1 | acre | 280.00 | 2828 | (1g) |
| General site cleanup & trash removal | 10.1 | acre | 75.00 | 758 | (1h) |
| Subtotal of Reclamation Costs | | | | \$36,670 | |
| Equipment mobilization | 4 | equip | 2000 | 8000 | (1i) |
| | | Subtotal | | 44670 | |
| Reclamation supervision -10% of reclamation estimate | | | | 4467 | |
| | | Subtotal | | 49137 | |
| 10% Contingency | | | | 4914 | |
| | | Subtotal | | 54051 | |
| Escalate for 5 years at 3.20% per year | | | | 9220 | |
| | | Total | | 63270 | |

Rounded surety amount in year 2012 \$

\$63,300

Average cost per disturbed acre =

6264

File: O:\M049-Utah\M0490024-TrixieShaft\bond\05212007.xls

Source notes of unit costs used in surety calculations

Note #

- (1a) DOGM lump sum assumed
- (2) Means Heavy Construction Cost Data 2006, 02220-310-0100, Building Demolition, steel
- (3) Means Heavy Construction Cost Data 2006, 02225-390-2000, Steel framing beams, 4"X6"
 - Trixie headframe 85' tall (85'x2)+(100'x2)+25% bracing = 465 LF
 - Borehole headframe 35' tall (35'x2)+(45'x2)+25% bracing = 200 LF
 - Burgin #1 headframe - Same size as Trixie headframe
 - Burgin #2 headframe - 125' tall (125'x2)+(155'x2)+25% bracing = 700 LF
 - Apex #2 headframe - Same size as Trixie headframe
- (4) Means Heavy Construction Cost Data 2006, 02220-400-0100; Explosive building demolition, concrete,
 - Ore bins + 750t @ 12cf/t=21,000cf.
 - Thickeners = 15' radiusx8' high = 5652 cf/thickener x2 thickeners = 11,304 cf
- (6) Means 2006 wage for building laborer, Crew A-1, incl. O & P
- (7) Means 2006 & Blue Book 2nd Half 2006, Cat Dozer, mtl 2550 lb/CY, 50 ft push, 2 ft depth
- (7h) Means 2006 & Blue Book 2nd Half 2006, Cat Dozer - size specified
- (8) Means 2006 & Blue Book 2nd Half 2006, Cat Dozer, mtl 2550 lb/CY, 100 ft push, 1 ft depth
- (9) Means 2006 & Blue Book 2nd Half 2006, Cat Dozer, multi shank rippers, speed 1.0 mph
- (9h) Means 2006 & Blue Book 2nd Half 2006, Cat Dozer, multi shank rippers, speed 1.0 mph
- (12) Means 2006 & Blue Book 2nd Half 2006: Cat 627G P-P, mtl 2550 lb/CY, 2,000 ft haul one-way, grade +/- 4%,
- (1b) DOGM general estimate - soil testing
- (1c) DOGM general estimate - lime \$10/ton
- (1d) DOGM general estimate - disking
- (1e) DOGM general estimate - fertilizing
- (1f) DOGM general estimate - manure \$19/ton delivered, \$16 ton/acre spreading
- (1g) DOGM general estimate - broadcast seeding
- (1h) DOGM general estimate - site cleanup & trash removal
- (1i) DOGM general estimate - equipment mobilization